

FEB 10 2006

EMPLOYER STATUS DETERMINATION
Vicksburg Southern Railroad, Inc.

This is the determination of the Railroad Retirement Board concerning the status of Vicksburg Southern Railroad, Inc. (VSOR) as an employer under the Railroad Retirement Act (45 U.S.C. § 231, et seq. (RRA) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351, et seq.) (RUIA).

Information about VSOR was supplied by Craig R. Richey of WATCO Companies, Inc. (WATCO). WATCO, a non-carrier, owns VSOR and controls 16 other Class III railroads operating in 15 states. VSOR was formed for the purpose of leasing certain rail lines owned by the Kansas City Southern Railway Company (KCS), BA. No. 1806. Surface Transportation Board (STB) authority for said lease and operation of KSC rail lines is set forth in STB Finance Docket No. 34765. STB Finance Docket No. 34766 allows WATCO to continue its control of VSOR. VSOR first compensated its employees on January 3, 2006 and began operations on January 8, 2006 on approximately 21.5 miles of rail lines in Mississippi located: (1) between Milepost 21.9, at the end of the line near Redwood, Mississippi, and Milespost 218.0, north of the KCS's Vicksburg Yard, at Vicksburg, Mississippi, and including track numbers 418, 419, 429, 430, 431, 432 and 433 and the locomotive facility buildings within the Vicksburg Yard; and (2) the branch line located between Milepost 223.0, south of the connection with the KCS main line, and Milepost 229.85, near Cedars, Mississippi. VSOR interchanges with KCS.

Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. 231(a)(1)), insofar as relevant here, defines a covered employer as:

- (i) any carrier by railroad subject to the jurisdiction of the Surface Transportation Board under Part A of subtitle IV of Title 49 [45 U.S.C. § 231(a)(1)(i)].

Sections 1(a) and 1(b) of the Railroad Unemployment Insurance Act (45 U.S.C. § 351(a) and (b)) contain substantially the same definition as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. 3231).

Based on the information summarized above, it is determined that Vicksburg Southern Railroad, Inc. became an employer covered under the Railroad Retirement Act and the Railroad Unemployment Insurance Act on January 3, 2006, the date on which employees were first compensated.

Original signed by:

Beatrice Ezerski
FOR THE BOARD
Secretary to the Board